

**MSHDA OFFICE OF COMMUNITY DEVELOPMENT
ENERGY EFFICIENCY STANDARDS FOR OCD FUNDED PROJECTS
OCTOBER 17, 2005 (EFFECTIVE JANUARY 1, 2006)**

MSHDA's Office of Community Development (OCD) provides funding to assist in the new construction of both for-sale and rental housing developed by nonprofit and local government grantees. OCD places various site and design requirements on these projects to maximize their positive impact on the community (a general standard to meet or exceed the quality and design of neighboring houses, walkable connections to community services, service to the site by existing public infrastructure, etc.).

Over the past few years, increasing attention has been paid to improving the energy efficiency of affordable housing. OCD has been supportive of local efforts to build more energy efficient housing, believing that such efforts not only make housing more affordable for low and moderate-income households to own and maintain but also have positive environmental impacts. Additionally, because of the leadership of the Community Economic Development Association of Michigan's (CEDAM) Michigan Build program, many OCD grantees have been given the technical resources, opportunity, and financial incentive to build highly energy efficient housing.

Energy Efficiency Requirements for Projects involving New Construction: As a result, beginning with grants effective on or after January 1, 2006, OCD grantees will be required to ensure that all new construction units developed with MSHDA assistance meet the following Energy Efficiency Standards:

- a. Homes must be built to at least the 5-Star Home Energy Ratings System (HERS) standard;
- b. At least 75% of light fixtures must be Energy Star rated or be equipped with compact fluorescent bulbs;
- c. Toilets must be 1.6 gallons per flush or less;
- d. All showerheads must be 2.5 gallons per minute or less; and
- e. All homes must have a system/means of controlled ventilation.

Documentation Requirements: Grantees will be expected to have their building plans reviewed and rated by a certified HERS rater. File documentation must be present indicating that the final plans and specifications achieve a score of at least 86 points on the HERS scale. Additionally, the final plans and specifications must clearly require the compliance with the additional standards outlined above.

Upon completion of construction, MSHDA expects grantees to have new homes tested by a HERS certified tester for confirmation that units were built to the standards outlined in the plans and specifications and that achieves necessary standards related to air infiltration (i.e. it passes the blower door test).

Soft Costs: The costs, if any, associated with having building plans and specifications reviewed and certified as well as any costs for final testing of the finished unit are soft costs. As such, these costs should be paid from the proceeds of the developer fee.

Michigan Build Program: Effective January 1, 2006, any funds awarded to a project from CEDAM's Michigan Build Program must be disclosed and included as Non-Federal Grant Funds on Line C-12 of the Acquisition-Development-Resale Proforma. Previously, under an agreement with CEDAM, OCD had allowed grantees to elect to retain Michigan Build funds awarded for OCD assisted projects outside of the proforma and in excess of the developer fee. That agreement specifically indicated that Michigan Build Funds would be required to be included in the proforma once Energy Efficiency Standards were applied to OCD-assisted projects.

OCD continues to encourage grantees to access any available Michigan Build funding. As with other sources of leveraged funding, grantees that consistently access additional sources of subsidy receive additional consideration during MSHDA's review of competitive applications under the Housing Resource Fund.

Resources: OCD is working to schedule training on these new requirements. In addition to training sponsored by MSHDA, grantees are encouraged to learn more from the resources listed below.

- One of the most comprehensive resources for both information and links to technical information is the federal government's Energy Star website at: <http://www.energystar.gov/>

Among others things, this website provides a search engine identifying qualified HERS raters by state (search for New Homes Partner Locator) and presentations that grantees might use to educate appraisers about the added value from Energy Star construction and to market the benefits of such homes to potential buyers.

- HUD's website contains additional information on it's Energy Action plan and other related initiatives: <http://www.hud.gov/offices/cpd/energyenviron/>
- Partnerships for Home Energy Efficiency is a joint effort of the U.S. Department of Energy, the U.S. Environmental Protection Agency, and the U.S. Department of Housing and Urban Development. The website is at: <http://www.energysavers.gov/>
- In April 1995, the National Association of State Energy Officials and Energy Rated Homes of America founded the Residential Energy Services Network (RESNET) to develop a national market for home energy rating systems and energy efficient mortgages. RESNET's website provides a variety of information on, among other issues, energy efficient building techniques, becoming certified as an energy rater, and understanding energy efficient mortgage products. The website is: <http://natresnet.org/>
- Local sources of information include both CEDAM's Michigan Build page (http://www.cedam.info/MI_Build.htm) and the WARM Training Center in Detroit, CEDAM's partner in the Michigan Build program (<http://www.warmtraining.org/>).
- Finally, the State of Michigan's Energy Office provides additional information and expertise. That website is: <http://www.michigan.gov/cis/0,1607,7-154-25676---,00.html>